

UNITED STATES CIVIL SERVICE COMMISSION

FEDERAL EMPLOYEES GROUP LIFE INSURANCE

PRELIMINARY DRAFT OF INSTRUCTIONS FOR  
WITHHOLDING, REPORTING AND DEPOSITING  
EMPLOYEE DEDUCTIONS AND  
AGENCY CONTRIBUTIONS

Prepared by:

United States Civil Service Commission  
and  
General Accounting Office

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ERRATA

- Page 1 - The Federal Personnel Manual Chapter on Group Life Insurance is not yet available.
- Page 2 - The "Federal Employees Group Life Insurance Act of 1954" is Public Law 598, 83d Congress.
- Page 3 - Exclusions by regulations are subject to change after consultation with heads of agencies.
- Page 8 - Amount of insurance shown as 10,00 should be 10,000

## INTRODUCTION

The Federal Employees Group Life Insurance Act of 1954 with certain exceptions extends the privilege of purchasing group life insurance to officers and employees of the Federal and the District of Columbia governments.

The over-all responsibility for administration of this Act rests with the Civil Service Commission.

The purpose of these instructions is to acquaint the departments and agencies of the Government with their responsibilities insofar as making group life insurance deductions from compensation of employees subject to the Act and contributions to the Insurance Fund by the Agencies and to prescribe a uniform method of recording and depositing these collections.

Detailed instructions other than those covered herein are contained in Chapter        of the Federal Personnel Manual issued by the Civil Service Commission.

#### SOURCES OF AUTHORITY

The following legislative citations constitute the basic authority controlling the issuance of these instructions:

"During any period in which an employee under age sixty-five is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this Act, there shall be withheld from each salary payment of such employee, as his share of the cost of his group life and accidental death and dismemberment insurance, an amount determined by the Commission, but not to exceed the rate of 25 cents biweekly for each \$1,000 of his group life insurance: Provided, That an employee who is paid on other than a biweekly basis shall have an amount so withheld, determined at a proportionate rate, which rate shall be adjusted to the nearest cent. Any policy of insurance purchased by the Commission as authorized in section 7 of this Act shall provide that all employees eligible under the terms of this Act will be automatically insured thereunder commencing on the date they first become so eligible: Provided, That any employee desiring not to be so insured shall, on an appropriate form to be prescribed by the Commission, give written notice to his employing office that he desires not to be insured. If such notice is received before the employee shall have become insured under such policy, he shall not be so insured; if it is received after he shall have become insured, his insurance under the policy will cease effective with the end of the pay period during which the notice is received by the employing office." (Sec. 5, subsection (a) of the Federal Employees Group Life Insurance Act of 1954)

"For each period in which an employee is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this Act, there shall be contributed from the respective appropriation or fund which is used for payment of his salary, wage, or other compensation (or, in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment) a sum computed at a rate determined by the Commission, but not to exceed one-half the amount withheld from the employee under this section." (Sec. 5, subsection (b) of the Federal Employees Group Life Insurance Act of 1954)

"The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created.\*\*\*" (Sec. 5, subsection (c) of the Federal Employees Group Life Insurance Act of 1954)

EXCLUSIONS FROM COVERAGE

I. BY LAW

- a) Officers and employees in any corporation under the supervision of the Farm Credit Administration of which any member of the Board of Directors is elected or appointed by private interests.
- b) Non-citizen employees whose permanent duty station is located outside a State of the United States or the District of Columbia.
- c) Commissioned officers and enlisted personnel on active duty in or with the Army, Navy, Air Force, Marine Corps or Coast Guard of the United States who have indemnity coverage under the Servicemen's Indemnity Act of 1951 (65 Stat. 33).

II. BY REGULATION

- a) Seasonal or emergency employees whose employment is of uncertain or purely temporary duration or who are employed for brief periods at intervals.
- b) Part-time or intermittent employees having no regular tour of duty.
- c) Employees whose salary, pay or compensation on an annual basis is less than \$300.
- d) Employees paid on a contract, piecework, or fee basis except those whose work schedule provides for regular or full-time service.
- e) Employees serving in cooperation with non-Federal agencies who are paid in whole or in part from non-Federal funds.

## EFFECTIVE DATES OF COVERAGE

### I. EMPLOYEES IN SERVICE BEFORE AND ON EFFECTIVE DATE

Insurance and deductions are effective on the first day of the first pay period which begins after August 28, 1954; provided, that if the head of any department or agency requests in writing on or before August 28, 1954, that a later effective date be set for his agency or any part thereof, the effective date for such agency or part thereof is such other date as may be approved by the Civil Service Commission.

### II. NEW EMPLOYEES

An employee appointed or transferred on or after the effective date specified in I, above, is insured effective on his first day in a pay status unless he waives coverage during the induction process, or had previously filed such a waiver which remains uncanceled.

### III. PROCEDURE ON WAIVING LIFE INSURANCE COVERAGE

Employing agency will retain waiver in official personnel folder or its equivalent and notify payroll office that employee has waived coverage.

### IV. RETURN TO PAY STATUS

An employee who returns to a pay status on or after the effective date specified in I, above, after a period of leave without pay is insured effective on his first pay in a pay status unless on or before that day he had filed a waiver which remains uncanceled. However, insurance coverage does not cease in non-pay status cases until after 12 continuous months in such non-pay status. Coverage is reacquired upon return to a pay status, except if an uncanceled waiver is on file.

## ANNUAL RATES OF COMPENSATION

### I. TYPES OF COMPENSATION TO BE INCLUDED IN "ANNUAL COMPENSATION"

"Annual Compensation" shall consist of the annual basic salary, pay or compensation fixed by law or regulation. For Members of Congress basic salary includes their \$2500 expense allowance. Under this definition there would be included as part of the basic salary the following common increments:

- a) Additional pay granted legislative employees under the Pay Act of 1945.
- b) Night differential pay for wage board employees (Act of March 28, 1934).
- c) Overseas service differential pay for employees of any agency on the Isthmus of Panama (various statutes).

(Excluded would be such increments as night differential pay of employees subject to the Classification Act, overtime pay, holiday pay, overseas service differential pay for employees other than on the Isthmus of Panama, hazardous duty pay, incentive pay, and temporary additional pay in lieu of overtime for legislative employees.)

### II. CONVERSION OF OTHER THAN ANNUAL RATES TO ANNUAL COMPENSATION

If the rate of basic compensation is fixed on

- a) Monthly basis - multiply the basic monthly rate by the number of months in the administrative work year.
- b) Bi-weekly basis - multiply the basic bi-weekly rate by the number of bi-weekly periods in the administrative work year.
- c) Weekly basis - multiply the basic weekly rate by the number of weeks in the administrative work year.
- d) Daily basis - multiply the basic daily rate by the number of days in the administrative work year.
- e) Hourly basis - multiply the basic hourly rate by the number of hours in the administrative work year.
- f) Piece work or fee basis - Total basic earnings for previous calendar year. For new employees, the first year's "annual Compensation" will be the average of the annual salaries

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earned during the previous calendar year by the group of which the new employee is a member.

Unusual situations not covered above, such as "day and night rates," "two concurrent portions at different rates," etc. are to be referred to the Civil Service Commission for decision.

WITHHOLDINGS FROM EMPLOYEES' SALARY  
AND CONTRIBUTIONS TO THE FUND FROM AGENCY APPROPRIATIONS

I. DEDUCTIONS TO BE MADE FROM EMPLOYEES' SALARY - UNDER AGE 65

Deductions in the full amount will be withheld from an employee's salary when -

- (1) The employee is in a pay status for an entire pay period.
- (2) The employee is in a pay status for only part of a pay period.

(If salary earned during that pay period less deductions for retirement, FICA, and income taxes is less than the amount of the full insurance deduction, the remainder will be withheld as insurance).

II. DEDUCTIONS NOT TO BE MADE FROM EMPLOYEES' SALARY - UNDER AGE 65

Deductions will not be collected from an employee's salary when the employee is in a non-pay status for an entire pay period, nor will deductions be made to cover such non-pay status from future salary when the employee returns to a pay status.

III. REACHING 65th BIRTHDAY

Insurance deductions cease at the end of the pay period immediately preceding the one in which the employee reaches his 65th birthday. In the case of an employee who is already age 65 on the effective date, no deductions will be made.

IV. AMOUNTS TO BE WITHHELD FROM EMPLOYEES' SALARY - UNDER AGE 65

Insurance deductions will be made from an employee's salary for the applicable pay periods and the related amount of insurance coverage as shown in the table on page 8:



(Continued)

<u>Annual Basic Salary</u>		<u>Amount of Insurance</u>	<u>Amount of deductions per pay period**</u>			
<u>More than</u>	<u>Not more than</u>		<u>Weekly</u>	<u>Biweekly</u>	<u>Semi-monthly</u>	<u>Monthly</u>
-----	\$1,000	\$1,000	.13	.25	.27	.54
\$1,000	2,000	2,000	.25	.50	.54	1.08
2,000	3,000	3,000	.38	.75	.81	1.63
3,000	4,000	4,000	.50	1.00	1.08	2.17
4,000	5,000	5,000	.63	1.25	1.35	2.71
5,000	6,000	6,000	.75	1.50	1.63	3.25
6,000	7,000	7,000	.88	1.75	1.90	3.79
7,000	8,000	8,000	1.00	2.00	2.17	4.33
8,000	9,000	9,000	1.13	2.25	2.44	4.88
9,000	10,000	10,000	1.25	2.50	2.71	5.42
10,000	11,000	11,000	1.38	2.75	2.98	5.96
11,000	12,000	12,000	1.50	3.00	3.25	6.50
12,000	13,000	13,000	1.63	3.25	3.52	7.04
13,000	14,000	14,000	1.75	3.50	3.79	7.58
14,000	15,000	15,000	1.88	3.75	4.06	8.13
15,000	16,000	16,000	2.00	4.00	4.33	8.67
16,000	17,000	17,000	2.13	4.25	4.60	9.21
17,000	18,000	18,000	2.25	4.50	4.88	9.75
18,000	19,000	19,000	2.38	4.75	5.15	10.29
19,000	-----	20,000	2.50	5.00	5.42	10.83

V. AGENCY CONTRIBUTION

The amount for insurance to be contributed by the agency from its appropriation will be equal to 50 percent of the aggregate of employees' insurance deductions shown on their pay records.

\*\*NOTE: For any pay period other than stated in the above table, the amount of deductions each pay period is determined at a rate proportionate to the rate of 25 cents bi-weekly, for each \$1000 of insurance, adjusted to the nearest cent.

DISPOSITION OF INSURANCE COLLECTIONS

Deposit of Employee Deductions and Agency Contributions

The Federal Employees' Group Life Insurance Act of 1954 directs that there shall be withheld from the salary payment of each employee insured under this Act an amount not to exceed the rate of 25 cents biweekly for each \$1,000 of his group life insurance. The Act further provides that for each period in which an employee is insured there shall be contributed from the employing agency's appropriation or fund from which his salary is paid a sum not to exceed one-half the amount withheld from the employee.

The amounts so deducted and withheld from the salary of each employee and the contributions of the agency are required to be deposited into the Treasury of the United States to the credit of 24X8424 - Employees' Life Insurance Fund Civil Service Commission.

Agencies certifying payrolls paid by disbursing officers of the Treasury Department will use Voucher and Schedule of Payments (Standard Form 1166) prepared in accordance with General Regulations No. 115-Revised, Supplement No. 1, dated January 26, 1953. There shall be shown in summary form thereon the aggregate amount of group life insurance deductions from employees' salary, the amount of the contribution to the Insurance Fund by the agency from its appropriation along with other deductions and contributions. The account symbol will be shown as 24X8424 followed parenthetically by the required department or agency symbol.

Agencies certifying payrolls paid by disbursing officers other than those of the Treasury Department will also use Voucher and Schedule of payments (Standard Form 1166) prepared in accordance with the above instructions, or such other schedule form or document as may be authorized for such purpose. However, the amounts deducted from employees' salary and the related agency's contribution to the Insurance Fund will be credited to a suspense clearing account "(Agency Symbol)X6424 Employees' Life Insurance Fund Suspense" to be maintained by each disbursing officer outside the Treasury Department. Prior to the close of each accounting period a check for the balance in this account will be drawn to the order of the Treasurer of the United States and transmitted to the United States Civil Service Commission, Retirement Division, Washington 25, D. C. where the amount will be currently scheduled and deposited into the Treasury of the United States to the credit of the Life Insurance Fund (24X8424). Each such check will be accompanied by a letter of transmittal explaining the source and purpose for which the enclosed amount is remitted and the period covered.

Disbursing officers of Government-owned corporations who do not render accounts current to the General Accounting Office and who make payment of payrolls and vouchers for personal services which include employee deductions and agency contributions on the Federal Employees Group Life Insurance Fund will prepare a letter of transmittal explaining the source and purpose for which the enclosed amount is remitted, identifying by voucher number and period the payrolls or vouchers on which such group life insurance fund and contributions were made and the amounts thereof. A check payable to the "Treasurer, U. S." for the total amount of such deductions and contributions

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should be drawn by the said disbursing officer of the corporation and forwarded with the letter of transmittal to the United States Civil Service Commission, Retirement Division, Washington 25, D. C., where the amount will be currently scheduled and deposited into the Treasury of the United States.

#### Adjusting Erroneous Deposits of Deductions

Where group life insurance deductions have been erroneously taken from the salary of a currently employed individual who has given written notice that he does not desire to be insured, or from the salary of an employee who by law or regulation is excluded from coverage under the Act, refund of the erroneous deductions will be adjusted on a subsequent payroll on which his name appears. Refund of erroneous deductions to the individual by means of such payroll adjustment will automatically correct the excess portion contributed by the agency from its appropriation as a result of the erroneous deduction from the employee.

Where an incorrect amount of group life insurance deductions has been taken from the salary of an insured employee as a result of an erroneous computation of such deductions, adjustment will likewise be made on a subsequent payroll on which his name appears.

Care must be taken to see that not only the regular (current) payroll deductions but also the adjustments necessary to correct errors described in the preceding two paragraphs are properly recorded as group life insurance deductions to the employee's individual earning record.

Where an individual has separated who was not covered by Federal Group Life Insurance during his employment with an agency, the agency will include any amount of erroneously withheld life insurance deductions in the final salary payment to the individual or to his beneficiary or estate if he is deceased. Reimbursement of the appropriation or fund for the amount so refunded will be effected in processing the next pay roll. The aggregate amount of life insurance deductions for the pay period as shown on the individual pay cards will be reduced by the amount of the deductions refunded and the net amount together with the related agency contribution (one-half of the net) scheduled to the disbursing officer for appropriate disposition. This will automatically adjust the excess amount previously contributed by the agency as a result of the erroneous deduction from the employee.

Adjustment will also be effected in the manner outlined in the preceding paragraph where an excess amount not identified with specific individuals has been deposited to the Life Insurance Fund as a result of errors in scheduling, etc.

**MAINTENANCE OF LIFE INSURANCE CONTROL ACCOUNTS**

**AUTHORITY**

expected to be

The following accounts are/prescribed by the Comptroller General of the United States under authority vested in him by section 112(a) of the Budget and Accounting Procedures Act of 1950 for use by all agencies having employees subject to the Federal Employees Group Life Insurance Act.

**PRESCRIBED LIFE INSURANCE CONTROL ACCOUNTS**

- (A) Life Insurance Deductions and Contributions Deposited (Contra)
- (B) Life Insurance Deductions and Contributions (Contra)
- (C) (Agency Symbol)X6424 Employees' Life Insurance Fund Suspense

Control accounts (A) and (B) are for use by all agencies. Control account (C) will be used by agencies not utilizing disbursing officers of the Treasury Department.

**DESCRIPTION OF LIFE INSURANCE CONTROL ACCOUNTS**

**A. Life Insurance Deductions and Contributions Deposited (Contra)**

This is a debit balance statistical account maintained to show the amounts of life insurance deductions and contributions deposited to the credit of the Federal Employees Group Life Insurance Fund. The monthly total debited to this account will be reconciled with the disbursing officer's account current.

Debit this account with:

1. Amounts currently deducted from the salaries of employees as reflected on the individual pay cards, and amounts currently contributed by the agency from its appropriation for life insurance which are to be deposited through Treasury disbursing officers.

Contra to account B.

Supporting Document: Voucher and Schedule of Payments (Standard Form 1166).

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3. Amounts of vouchers certified for payment by the disbursing officer supporting checks drawn thereon remitted to the Civil Service Commission for deposit to the Employees' Life Insurance Fund.

Contra to account C.

Supporting Document: Voucher and Schedule of Payments (Standard Form 1166) or other authorized document.

B. Life Insurance Deductions and Contributions (Contra)

This is a credit balance statistical account maintained to show the aggregate of the amount of life insurance deductions entered on the individual pay cards during the current calendar year and amounts currently contributed by the agency from its appropriation. The insurance deductions accumulated on the individual pay cards should be totaled quarterly. Such quarterly totals together with the related agency contributions to the Insurance Fund as shown on Standard Forms 1166 should be reconciled with the aggregate credits to this account for the related quarter.

Credit this account with:

1. Amounts currently deducted from the salaries of employees as reflected on the individual pay cards, and amounts currently contributed by the agency from its appropriation for life insurance which are to be deposited through Treasury disbursing officers'.

Contra to account A.

Supporting Document: Voucher and Schedule of Payments (Standard Form 1166)

2. Amounts currently deducted from the salaries of employees as reflected on individual pay cards, and amounts currently contributed by the agency from its appropriation for life insurance which are to be remitted to the CSC by other than Treasury Disbursing Officers.

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Contra to account C.

Supporting Document: Voucher and Schedule of Payments (Standard Form 1166), or other authorized document.

C. (Agency Symbol)X6424 Employees Life Insurance Fund Suspense

This is a debit balance suspense account maintained to show the accountability of the disbursing officer for the amounts of employees deductions for and the agency contributions to the life insurance fund pending remittance thereof to the Civil Service Commission.

Debit this account with:

2. Amounts currently deducted from the salaries of employees as reflected on individual pay cards, and amounts currently contributed by the agency from its appropriation for life insurance which are to be remitted to the CSC by other than Treasury Disbursing Officers.

Contra to account B.

Supporting Document: Voucher and Schedule of Payments (Standard Form 1166), or other authorized document.

Credit this account with:

3. Amounts of vouchers certified for payment by the disbursing officer supporting checks drawn thereon remitted to the Civil Service Commission for deposit to the Employees' Life Insurance Fund.

Contra to account A.

Supporting Document: Voucher and Schedule of Payments (Standard Form 1166), or other authorized document.

INDIVIDUAL PAY CARD (STANDARD FORM 1127-REVISED)

Agencies using this form of the pay card will record deductions from employees compensation for Federal Employees Group Life Insurance in either the column now headed "Other" or "Code" with appropriate identification until a revised individual pay card is issued.

## MAINTENANCE AND CERTIFICATION OF EMPLOYEE INSURANCE RECORDS

### I. WAIVER OF LIFE INSURANCE COVERAGE

A waiver will be filed by the agency personnel office in the employee's Official Personnel Folder or its equivalent and notice thereof sent to employee's payroll office as authorization for not withholding deductions and also, in the case of participating employee who waives coverage, as notice to stop withholding deductions.

### II. RECORD OF WITHHOLDING AND CONTRIBUTIONS

Employee's payroll office will maintain the customary individual payroll record showing as a separate item the withholdings from salary on account of insurance coverage. Agency need not keep an individual record of its contributions, the customary summary payroll record being sufficient.

### III. DESIGNATION OF BENEFICIARY

Original copy of designation of beneficiary and changes in designation will be filed by the agency personnel office in the employee's Official Personnel Folder. The receipted duplicate copy will be given to employee.

### IV. AUTHORIZATION TO CANCEL WAIVER

An authorization to cancel a waiver and related papers will be filed by the agency personnel office in the employee's Official Personnel Folder. Notice of such authorization will be sent to the employee's payroll office as notification to start withholding deductions.

### V. WHO SHALL MAKE CERTIFICATION

The head of each agency shall designate in writing to the Civil Service Commission an Insurance Officer (preferably the Retirement Officer if there is one) to fulfill the agency's responsibilities in the insurance program. The Insurance Officer may delegate authority, down to the employing installation or duty station, to a fiscal officer or employee who shall make all necessary certifications with respect to insurance matters affecting individuals of the installation or duty station. If deemed necessary by the fiscal officer or employee to whom the above authority has been delegated, he may obtain certifications from the personnel records to support his certification.